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INDUSTRIAL INSURANCE
VI
PRIVATE INSURANCE COMPANIES

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I. INDUSTRIAL LIFE INSURANCE

The purpose of these companies, from the standpoint of directors and stockholders, is profit; their social end is to secure for the policy-holders a certain sum to provide for the expenses of mortal illness and for burial without appeal to charity. Some of these same corporations carry on an ordinary life-insurance business which does not in any important factor differ from other life-insurance agencies, and does not require special attention in this article.¹

The vast importance and extent of the business of these burial insurance companies may be indicated by their statistics. In a previous part of this discussion the principal facts have been cited. The face promise of all policies of industrial companies in the year 1902 was \$1,806,890,864. The number of policies was 13,448,124, and the average value of the policies was \$135. Mr. Dryden estimated that the companies distributed annually to their beneficiaries more than \$20,000,000 in burial benefits.

The burden of this enormous business is heavy and is borne

¹References: Frederick L. Hoffman, *History of the Prudential Insurance Company of America, 1875-1900*; Handbook and Reference Guide to the Exhibits of the Prudential Insurance Company of America, prepared for the Louisiana Purchase Exposition, St. Louis, 1904; John F. Dryden, *The Inception and Early Problems of Industrial Insurance*, 1905; Description of Ordinary Policies of the various companies; article on "Industrial Insurance," *Encyclopedia Americana*, by Haley Fiske, vice-president of the Metropolitan Life Insurance Company; Haley Fiske, Testimony before the Legislative Investigating Committee of New York, 1905; H. Fiske, "Profits of Industrial Insurance," *United States Review*, thirtieth anniversary number; H. Fiske, "Industrial Insurance," *Charities Review*, March, 1898; *Memorandum* submitted on behalf of the Metropolitan Insurance Company, respecting the proposed insurance bills, New York, 1906.

exclusively by members of the wage-earning groups, and especially by those whose wages are lowest or next to the lowest. This expense has come to be regarded in this country as a necessary part of the weekly budget. There prevails among the people of our cities, among immigrants as well as among native born, a strong feeling against "pauper burials," and this sentiment is quickened and stimulated by the persuasions and representations of the numerous agents of the industrial insurance companies; it is their stock in trade. According to Hoffman (*History of the Prudential Insurance Co.*, p. 289) the average policy in that company in 1899 was for \$114.22. The entire payments of premiums into the treasury of this company in 1899 amounted to the sum of \$19,028,792, and the payments of benefits to \$5,426,545. The entire receipts from the beginning to the year 1899 were \$120,505,542, and the payments of burial benefits \$39,901,006. The ratio of cost of administration to income was 39.17 per cent., as compared with 17.34 per cent. in the ordinary life-insurance companies. At first sight this contrast is so startling, and the difference of cost so great as to raise a suspicion of foul play. But further analysis mitigates the severity of judgment, although it may lead us to dislike the system even more than before. (The figures may be found in the *Standard* of September 17, 1898, pp. 314 ff., as given by Mr. J. R. Hegemann, president of the Metropolitan Life Insurance Company.) In *Statistics, Fraternal Societies*, 1905, p. 213, the editor asserts that in twenty-five of the ordinary life-insurance companies the ratio of administrative expenses to premiums was 18.3 per cent. (varying from 10.4 to 31.7 per cent.); while in twenty-five fraternal societies the cost was on the average only 8.4 per cent.

The explanation of the difference and of the enormous burden which falls upon the poor insurers is given by the administrators of the industrial companies themselves, at least in part. Of the cost for salaries and the amounts absorbed by profits of directors and stockholders we must learn elsewhere, but of the chief facts they make clear disclosure. One of the factors in explanation is the small size of the poor man's policy, as compared with that of the rich man. The average policy in ordinary companies is

\$2,468, while that in industrial companies is only \$142, and that of the weekly payment plan is much lower still. The industrial company must write at least eighteen policies to make the sum of one policy in ordinary insurance. In connection with each of these little policies visits must be made to solicit and write the policies; each policy must be carefully examined by experts, immense correspondence must be carried on from the central office with agents all over the land, the payments of premiums demand time and expense, the accounts must be kept with each policy holder and each agent, and the medical examinations also call for heavy payments. It is estimated that the agents of these companies must make in the United States annually more than 416,000,000 visits in homes, or about 1,328,000 each week day. To these causes of expense we must in fairness add the fact that the rate of mortality among working people is much higher than among the members of the well-fed, comfortable classes, and this makes the cost of insurance higher. The habits of life of many working-people, their unsanitary homes, inadequate or improper food, hard and monotonous labor often at depressing tasks, close confinement, and occasionally inherited defects, all have a bearing on death rates and hence on premiums which must be charged to cover risks. The table shows the relative rates of mortality according to Farr's English Life Table, based on the general population of Great Britain; the Actuaries' Table, based on the combined experience of seventeen English companies; and the table based on the experience of 12,000,000 insured lives with the Metropolitan Life Insurance Company.

Age	Deaths per 1,000 (Farr)	Actuaries	Metropolitan
20.....	7.74	7.25	10.52
21.....	8.46	7.33	11.56
25.....	9.24	7.72	14.14
35.....	11.24	9.19	17.15
45.....	14.50	11.95	22.56
55.....	21.75	20.99	35.22
65.....	41.20	42.45	64.51
70.....	60.80	62.51	90.99

The actual premiums paid in the industrial companies are set forth in their tables, and typical tables are here reproduced.

INDUSTRIAL INSURANCE OF THE INSURANCE COMPANIES
(Industrial Life Insurance, Its History, Statistics, and Plans [1905], pp. 59 ff.)
 BALTIMORE LIFE, BALTIMORE, MD.

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1904	\$4,548,840	103,965	\$7,977,954	\$592,777	\$108,545
1903	4,969,152	105,587	7,770,477	596,472	96,731
1902	5,723,118	100,292	7,133,769	565,871	71,345
1901	5,774,038	100,714	6,529,913	544,309	68,429
1900	5,354,140	92,310	5,642,853	523,785	54,921
1899	4,486,212	86,061	5,038,963	467,880	47,599
1898	4,451,355	76,974	4,251,905	421,496	39,879

COLONIAL, JERSEY CITY, N. J.

1904	\$8,784,984	83,690	\$9,781,317	\$454,807	\$115,554
1903	7,122,800	70,076	8,028,103	364,588	86,855
1902	6,454,644	55,597	6,149,410	282,093	69,871
1901	5,211,301	43,520	4,668,763	203,454	50,676
1900	4,209,047	34,674	3,650,629	152,501	39,501
1899	4,042,526	27,697	2,854,075	85,252	15,900
1898	2,719,798	10,623	1,423,482	23,626	4,221

COLUMBIAN NATIONAL, BOSTON

1904	\$9,468,216	40,397	\$5,532,978	—	—
1903	4,813,941	18,756	2,630,959	—	—
1902	759,640	4,275	615,316	—	—

CONTENTNEA LIFE, WILSON, N. C.

1903	\$43,980	798	\$22,360	\$1,283	\$5
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EQUITABLE INDUSTRIAL, WASHINGTON, D. C.

1904	\$1,690,736	25,522	\$2,960,212	\$107,358	\$34,599
1903	1,665,414	23,304	2,692,699	95,425	24,401
1902	1,334,923	20,401	2,325,483	58,252	16,458

HOME, WILMINGTON, DEL.

1903	\$ 284,400	12,948	\$1,691,809	\$49,043	\$14,954
1902	1,104,223	12,842	1,448,963	48,487	15,867
1901	1,417,440	12,132	1,450,393	27,770	8,633
1900	1,551,079	5,146	920,980	18,523	6,063

IMMEDIATE BENEFIT, BALTIMORE, MD.

1904	\$1,233,420	15,002	\$1,210,675	\$71,432	\$18,086
1903	391,268	10,703	705,128	58,857	16,245
1902	421,318	7,587	509,131	54,996	14,253
1901	441,309	7,201	406,849	44,760	14,314

INDUSTRIAL INSURANCE OF THE INSURANCE COMPANIES—*Continued*IMMEDIATE BENEFIT, BALTIMORE, MD.—*Continued*

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1900	\$ 139,535	5,131	\$ 228,512	\$43,763	\$14,004
1899	1,102,618	4,481	195,802	43,693	11,241
1898	1,488,774	13,651	1,006,704	62,483	19,991
1897	1,520,337	11,843	845,954	38,282	11,073

JOHN HANCOCK, BOSTON, MASS.

1904	\$61,840,600	1,474,399	\$233,069,767	\$13,622,350	\$3,971,330
1903	57,444,640	1,395,779	216,375,960	12,389,529	3,642,681
1902	68,137,409	1,312,630	200,294,696	10,914,984	2,964,953
1901	57,928,751	1,223,500	177,597,439	9,595,301	2,819,624
1900	52,060,760	1,152,444	159,893,856	8,252,341	2,554,905
1899	44,358,633	1,069,197	141,609,904	7,209,290	2,193,573
1898	37,936,626	956,382	124,923,200	6,512,804	1,874,015
1897	35,959,176	899,418	115,750,709	5,773,144	1,684,027
1896	36,871,080	835,351	105,640,047	5,217,207	1,643,708
1895	41,905,652	771,972	95,640,574	4,638,040	1,428,921
1894	33,146,067	681,802	82,876,338	3,862,056	1,213,607
1893	34,571,979	607,150	73,043,678	3,444,313	1,116,124
1892	29,326,680	550,435	65,428,121	2,914,498	1,005,507
1891	25,374,745	476,612	54,516,514	2,387,701	932,488
1890	23,083,151	402,147	45,772,709	2,002,644	811,688
1889	18,239,650	320,264	30,365,419	1,616,585	596,510
1888	15,953,123	256,574	29,943,052	1,317,374	473,843
1887	13,334,392	203,467	23,802,502	1,031,845	357,002
1886	10,748,152	148,850	17,805,910	815,750	306,938
1885	7,055,933	107,872	12,600,935	647,143	221,266
1884	4,752,613	80,629	8,940,275	547,058	206,460
1883	4,085,489	63,625	6,730,902	472,242	175,438
1882	3,718,902	48,568	5,096,488	415,537	194,053
1881	2,931,860	36,012	3,787,230	346,887	161,606
1880	5,483,431	30,702	3,139,018	336,198	172,570
1879	1,275,918	9,327	951,000	294,043	162,141

LIFE INSURANCE COMPANY OF VIRGINIA, RICHMOND, VA.

1904	\$11,788,596	358,541	\$37,710,901	\$1,680,411	\$512,105
1903	11,906,867	331,452	34,593,483	1,509,463	434,204
1902	12,437,338	302,839	30,303,815	1,336,518	392,997
1901	10,785,037	266,685	26,906,073	1,151,213	373,419
1900	9,102,616	237,283	23,239,844	1,087,272	370,429
1899	8,968,321	219,679	20,246,656	937,901	308,259
1898	12,318,555	194,951	18,373,119	852,028	252,025
1897	9,212,261	165,660	15,264,250	752,215	214,273
1896	10,613,052	149,672	13,778,199	712,932	222,987
1895	9,256,579	116,814	11,053,039	591,381	162,663
1894	8,140,705	99,618	9,647,707	551,794	160,003
1893	6,998,569	75,130	6,643,061	546,151	154,529
1892	6,272,217	69,527	6,230,224	475,520	120,496
1891	4,940,820	51,491	4,520,424	395,191	102,742

INDUSTRIAL INSURANCE OF THE INSURANCE COMPANIES—*Continued*LIFE INSURANCE COMPANY OF VIRGINIA, RICHMOND, VA.—*Continued*

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1890	\$3,000,115	32,927	\$3,589,720	\$234,547	\$88,795
1889	3,314,876	21,271	2,536,280	151,571	61,697
1888	2,619,276	15,193	1,076,377	127,049	39,291
1887	1,250,000	10,500	850,000	99,556	60,589

METROPOLITAN, NEW YORK, N. Y.

1904	\$305,258,155	7,614,729	\$1,127,889,229	\$50,808,924	\$14,826,976
1903	297,968,863	7,187,345	1,059,875,827	45,656,961	12,907,617
1902	312,990,338	6,698,291	981,676,306	39,653,725	11,320,967
1901	296,606,312	6,008,662	881,491,451	34,795,186	10,704,747
1900	264,737,682	5,327,067	768,977,676	31,210,356	9,785,624
1899	253,396,620	4,855,756	688,629,175	26,591,651	8,575,134
1898	210,508,694	4,317,274	591,427,272	23,372,770	7,691,943
1897	232,264,188	4,028,722	534,343,756	21,402,966	6,990,866
1896	169,820,543	3,643,569	454,068,004	19,306,196	6,963,256
1895	175,905,407	3,458,846	416,062,194	18,336,918	6,580,390
1894	294,270,451	3,559,165	423,514,171	16,827,016	5,747,823
1893	150,057,703	2,932,004	343,917,746	14,361,214	5,535,120
1892	127,222,470	2,715,414	305,451,576	12,511,078	4,898,382
1891	94,927,488	2,278,487	254,939,881	10,830,373	4,408,379
1890	100,852,802	2,096,595	231,115,440	9,390,927	3,746,478
1889	92,726,883	1,849,113	200,829,929	8,342,945	3,042,818
1888	91,242,946	1,632,642	176,533,142	6,810,110	2,550,105
1887	84,059,118	1,345,125	147,758,287	5,618,767	2,098,936
1886	72,783,721	1,066,875	119,560,339	4,438,096	1,566,514
1885	57,819,912	829,833	91,234,252	3,414,524	1,279,645
1884	59,505,421	670,999	71,965,635	2,811,816	970,590
1883	52,505,697	526,042	56,536,325	1,975,703	631,639
1882	36,822,160	335,789	34,679,397	1,246,515	369,314
1881	24,469,300	190,348	17,894,620	859,057	268,811
1880	20,728,700	110,193	9,103,870	568,204	200,805
1879	523,539	5,143	516,618	432,560	144,421

MUTUAL OF BALTIMORE, BALTIMORE, MD.

1904	\$2,016,918	35,730	\$3,559,495	\$207,443	\$84,075
1903	1,815,548	32,162	3,095,453	188,158	74,508
1902	1,684,671	28,093	2,641,356	165,322	57,119
1901	1,322,112	23,981	2,206,081	147,363	59,097
1900	1,217,455	20,855	1,872,030	128,201	43,822
1899	300,572	17,574	1,526,787	124,502	52,243
1898	1,454,344	19,015	1,479,364	119,286	44,355
1897	1,148,486	14,746	1,049,638	101,676	43,410
1896	550,013	8,155	621,108	93,471	32,192
1895	495,226	5,999	541,308	85,493	34,423
1894	387,993	4,340	446,501	73,225	31,792
1893	602,196	2,028	243,010	68,505	25,643
1892	440,989	2,856	391,856	62,691	21,493

INDUSTRIAL INSURANCE OF THE INSURANCE COMPANIES—Continued

PROVIDENCE LIFE, PROVIDENCE, R. I.

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1904	\$108,450	2,012	\$301,600	\$ 5,173	\$3,225
1903	586,320	5,509	761,185	11,610	2,163
1902	548,840	4,818	654,378	8,107	1,824
1901	514,319	3,683	517,168	6,864	2,164
1900	301,270	1,913	310,711	3,604	1,215
1899	524,886	663	224,886	1,406	308

PRUDENTIAL, NEWARK, N. J.

1904	\$202,524,911	5,642,335	\$675,992,239	\$41,155,697	\$11,258,506
1903	190,386,294	5,176,456	613,935,910	36,028,402	9,812,458
1902	184,327,303	4,692,182	550,464,265	31,138,718	8,096,719
1901	191,712,877	4,290,539	498,127,133	26,681,757	7,411,428
1900	182,270,423	5,908,622	448,596,996	22,559,354	6,207,418
1899	165,760,248	3,406,189	389,039,257	19,028,792	5,420,758
1898	121,080,784	2,924,526	333,992,200	16,139,452	4,749,885
1897	112,371,379	2,058,700	303,770,952	14,551,868	4,342,562
1896	108,223,712	2,437,251	279,030,638	13,329,644	4,158,831
1895	124,374,407	2,330,741	268,414,100	11,892,766	3,846,754
1894	205,128,243	2,256,014	259,840,927	10,890,302	3,191,175
1893	128,208,941	1,941,533	218,199,566	9,084,844	2,893,708
1892	92,677,524	1,653,465	184,306,206	7,525,844	2,518,567
1891	72,906,176	1,360,383	150,758,907	6,413,283	2,079,669
1890	95,674,484	1,228,332	135,084,498	5,636,876	1,749,714
1889	73,576,853	1,099,312	117,357,415	4,442,833	1,327,856
1888	58,214,981	850,064	92,418,854	3,059,495	1,096,234
1887	60,202,194	736,909	81,694,088	2,942,257	853,819
1886	49,142,316	548,433	59,328,627	2,114,296	593,273
1885	28,860,882	422,671	40,266,445	1,468,955	418,622
1884	24,892,268	324,794	28,545,189	1,127,738	322,382
1883	20,426,140	273,917	23,053,935	828,911	222,083
1882	11,541,210	196,007	15,738,973	571,595	157,705
1881	9,688,362	133,582	10,959,948	402,947	111,508
1880	8,555,904	87,462	7,347,892	250,958	57,256
1879	3,157,352	43,715	3,866,913	121,500	23,013
1878	1,785,696	22,808	2,027,888	59,817	11,338
1877	967,932	11,226	1,030,655	28,517	5,296
1876	727,168	4,816	443,072	14,495	1,958

WESTERN AND SOUTHERN, CINCINNATI, O.

1904	\$14,830,110	227,624	\$24,600,187	\$1,249,945	\$354,666
1903	14,161,533	209,623	22,223,035	1,113,699	295,369
1902	12,948,340	184,686	19,643,480	917,337	221,284
1901	10,878,524	155,096	16,426,534	722,605	203,896
1900	10,070,944	131,132	13,618,878	614,301	150,642
1899	8,370,729	117,545	10,881,961	508,900	122,494
1898	7,256,666	91,589	8,392,902	397,687	96,448
1897	4,980,043	71,301	6,619,653	320,996	79,169
1896	4,290,332	62,747	5,724,728	298,686	79,060

INDUSTRIAL INSURANCE OF THE INSURANCE COMPANIES—*Continued*WESTERN AND SOUTHERN, CINCINNATI, O.—*Continued*

YEAR	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
		Number	Amount		
1895	\$4,573,492	56,960	\$5,294,381	\$246,807	\$69,087
1894	6,178,914	46,362	4,374,675	227,392	52,456
1893	3,830,862	41,296	3,691,843	183,415	44,336
1892	2,522,842	30,472	2,707,366	140,564	39,539
1891	2,661,930	24,638	2,329,936	101,397	26,944
1890	2,620,328	16,926	2,000,073	70,327	19,233
1889	2,505,945	11,348	1,537,430	43,518	10,837
1888	1,698,748	6,237	889,073	14,359	1,107

GENERAL SUMMARY

YEAR	No. OF COM- PANIES	NEW POLICIES IN THIS YEAR	POLICIES IN FORCE		PREMIUMS RECEIVED	PAYMENTS
			Number	Amount		
1904...	14	\$624,422,316	15,637,692	\$2,132,300,723	\$110,006,643	\$31,302,626
1903...	15	596,510,565	14,600,502	1,977,185,534	98,063,490	27,408,191
1902...	15	610,968,819	13,444,753	1,806,454,742	85,146,410	23,243,657
1901...	15	598,593,825	12,333,459	1,640,398,546	74,660,060	22,003,402
1900...	18	566,037,936	11,215,531	1,468,474,534	65,962,426	19,607,808
1899...	17	519,796,085	10,048,808	1,292,812,402	56,159,880	17,023,485
1898...	14	422,164,810	8,794,178	1,109,526,870	48,776,246	14,971,238
1897...	12	415,338,614	8,000,636	995,545,736	43,619,310	13,526,315
1896...	11	360,852,458	7,375,688	886,484,869	40,058,701	13,420,336
1895...	11	380,832,362	6,943,769	819,521,573	37,008,536	12,398,782
1894...	12	573,279,943	6,847,892	802,016,133	32,253,881	10,635,602
1893...	11	344,361,223	5,748,195	661,568,502	28,311,386	9,955,865
1892...	10	276,893,923	5,118,897	582,710,309	24,352,900	8,841,322
1891...	9	218,138,800	4,302,427	481,060,716	20,654,980	7,725,328
1890...	9	242,250,959	3,875,102	428,037,245	17,647,036	6,423,341
1889...	8	201,787,017	3,352,708	364,483,382	14,760,691	5,086,233
1888...	7	161,260,335	2,788,000	302,033,066	11,939,540	4,162,745
1887...	4	158,845,704	2,296,001	254,104,877	9,692,425	3,370,346
1886...	3	132,674,189	1,764,158	196,694,876	7,368,142	2,466,725
1885...	3	93,730,727	1,360,376	144,101,632	5,530,622	1,919,533
1884...	3	89,150,302	1,076,422	108,451,099	4,486,612	1,490,432
1883...	3	77,017,326	863,584	86,321,162	3,276,856	1,029,160
1882...	3	52,082,281	580,304	55,514,768	2,233,647	721,072
1881...	3	37,089,522	359,942	32,641,798	1,608,891	541,925
1880...	3	34,768,035	228,357	19,590,780	1,155,360	430,631
1879...	3	4,956,809	58,185	5,334,531	548,163	329,575
1878...	1	1,785,696	22,808	2,027,888	59,817	11,338
1877...	1	967,932	11,226	1,030,655	28,517	5,296
1876...	1	727,168	4,816	443,072	14,495	1,958
Total ..		\$7,797,291,727			\$845,385,672	\$260,069,267

PREMIUMS AND PAYMENTS OF THE "PRUDENTIAL COMPANY OF AMERICA"—Continued

Age	5 Cts.	10 Cts.	15 Cts.	20 Cts.	25 Cts.	30 Cts.	35 Cts.	40 Cts.	45 Cts.	50 Cts.	55 Cts.	60 Cts.	65 Cts.	70 Cts.	Burial Benefit
20	\$87	\$174	\$261	\$348	\$435	\$522	\$609	..	..	..	..	..	..	..
21	84	168	252	336	420	504	588	\$672	..	..	..	..	..	..
22	82	164	246	328	410	492	574	656	..	..	..	..	..	..
23	80	160	240	320	400	480	560	640	\$720	..	..	..	..	..
24	78	156	234	312	390	468	546	624	702	..	..	..	..	..
25	76	152	228	304	380	456	532	608	684	\$760	..	..	..	..
26	74	148	222	296	370	444	518	592	666	740	\$814	..	..	..
27	72	144	216	288	360	432	504	576	648	720	792	..	..	..
28	71	142	213	284	355	426	497	568	639	710	781	\$852	..	..
29	69	138	207	276	345	414	483	552	621	690	759	828	..	..
30	67	134	201	268	335	402	469	536	603	670	737	804	..	..
31	66	132	198	264	330	396	462	528	594	660	726	792	..	..
32	64	128	192	256	320	384	448	512	576	640	704	768	..	..
33	62	124	186	248	310	372	434	496	558	620	682	744	..	..
34	60	120	180	240	300	360	420	480	540	600	660	720	..	..
35	59	118	177	236	295	354	413	472	531	590	649	708	..	..
36	57	114	171	228	285	342	399	456	513	570	627	684	..	..
37	55	110	165	220	275	330	385	440	495	550	605	660	..	..
38	54	108	162	216	270	324	378	432	486	540	594	648	..	..
39	52	104	156	208	260	312	364	416	468	520	572	624	..	..
40	50	100	150	200	250	300	350	400	450	500	550	600	..	..
41	49	98	147	196	245	294	343	392	441	490	539	588	..	..
42	47	94	141	188	235	282	329	376	423	470	517	564	\$611	..	
43	45	90	135	180	225	270	315	360	405	450	495	540	585	..	
44	44	88	132	176	220	264	308	352	396	440	484	528	572	..	
45	42	84	126	168	210	252	294	336	378	420	462	504	546	\$588	
46	41	82	123	164	205	246	287	328	369	410	451	492	533	574	
47	39	78	117	156	195	234	273	312	351	390	429	468	507	546	
48	38	76	114	152	190	228	266	304	342	380	418	456	494	532	
49	37	74	111	148	185	222	259	296	333	370	407	444	481	510	
50	35	70	105	140	175	210	245	280	315	350	385	420	455	490	
51	34	68	102	136	170	204	238	272	306	340	374	408	442	..	
52	32	64	96	128	160	192	224	256	288	320	352	384	416	..	
53	31	62	93	124	155	186	217	248	279	310	341	372	403	..	
54	30	60	90	120	150	180	210	240	270	300	330	360	390	..	
55	28	56	84	112	140	168	196	224	252	280	308	336	364	..	
56	27	54	81	108	135	162	189	216	243	270	297	..	..	..
57	26	52	78	104	130	156	182	208	234	260	286	..	..	..
58	25	50	75	100	125	150	175	200	225	250	275	..	..	..
59	23	46	69	92	115	138	161	184	207	230	253	..	..	..
60	22	44	66	88	110	132	154	176	198	220	242	..	..	..
61	21	42	63	84	105	126	147	168	189	..	..	..	..	..
62	20	40	60	80	100	120	140	160	180	..	..	..	..	..
63	19	38	57	76	95	114	133	152	171	..	..	..	..	..
64	18	36	54	72	90	108	126	144	162	..	..	..	..	..
65	17	34	51	68	85	102	119	See footnote 1							
66	16	32	48	64	80	96	112								
67	16	32	48	64	80	96	112								
68	15	30	45	60	75	90	105								
69	14	28	42	56	70	84	98								
70	13	26	39	52	65	78	91								

* One-fourth of the death benefit in the first six months; one-half of death benefit in the second six months; full benefit after one year of insurance.

INFANTILE TABLE ENTAILING A WEEKLY PREMIUM OF 5 CENTS¹

PAYMENTS AFTER FOLLOWING PERIOD	AGE AT TAKING OUT POLICY							
	2	3	4	5	6	7	8	9
Under 3 Months.....	\$ 8	\$ 9	\$ 10	\$ 11	\$ 12	\$ 14	\$ 16	\$ 20
3-6 Months.....	10	11	13	14	16	19	22	28
6-9 Months.....	12	14	16	18	22	26	35	50
9-12 Months.....	15	17	20	24	29	35	50	75
1 Year.....	17	20	24	29	39	55	80	120
2 Years.....	20	24	29	43	60	85	120	...
3 Years.....	24	29	47	65	90	120	...	...
4 Years.....	29	51	70	95	120	...	...	...
5 Years.....	55	75	100	120	...	...	...	...
6 Years.....	80	100	120	...	...	...	...	...
7 Years.....	100	120	...	...	...	...	...	...
8 Years.....	120	...	...	...	...	...	...	...

¹ A weekly premium over 10 cents is not collected.PREMIUM FOR ADULTS ON A POLICY CARRYING A \$500 DEATH BENEFIT²

Age	Weekly Premium	Age	Weekly Premium	Age	Weekly Premium
	Cents		Cents		Cents
15 Years	24	27 Years	35	39 Years	48
16 "	25	28 "	35	40 "	50
17 "	27	29 "	36	41 "	51
18 "	27	30 "	37	42 "	53
19 "	28	31 "	38	43 "	56
20 "	29	32 "	39	44 "	57
21 "	30	33 "	40	45 "	60
22 "	30	34 "	42	46 "	61
23 "	31	35 "	42	47 "	64
24 "	32	36 "	44	48 "	66
25 "	33	37 "	45	49 "	68
26 "	34	38 "	46	50 "	71

² During the first six months \$125; \$250 during the second six months, and full benefit (\$500) after one year of insurance.

Value of industrial insurance.—We may freely admit that the claim of the companies that they offer real benefits to low-paid workmen has considerable foundation in fact, and they are entitled to consideration. It is incredible that such a vast business should rest upon unmitigated falsehood and injustice. The companies are right in their claim that no considerable number of workmen of this level will voluntarily insure, even if rates are low, and that solicitation by agents is costly and must be charged in the premiums. They are right in claiming that the benefits have often spared the poor family the shame of a pauper

funeral; that family feeling and affection are fostered; that a spirit of independence and self-respect is maintained; and these are not insignificant advantages, although we may think they cost too dear and may be better gained in other ways.

Pauper burials, although not an accurate measure of the distress of the period, reached an average rate of 20 per 10,000 of population. During 1881 to 1885 the rate for 18 cities was 18.5 against an average of 12.9 during the five years 1897 to 1901.²

Hoffman (*History of the Prudential Insurance Co.*, p. 308) presents a study of pauper burials in ten cities (New York, Boston, Newark, Cincinnati, Baltimore, Indianapolis, Minneapolis, Cambridge, Worcester, and Charlotte), and finds that the rate of pauper burials in 100,000 population was, in 1880 to 1884, 210, and fell in 1895 to 1899 to 156, after the industrial companies had had time to establish the custom of burial insurance on a general scale. It is impossible to discover all the causes of this decrease, but we may admit a large influence from burial insurance. They have unintentionally rendered another service to the cause of a rational system of insurance which the future will develop; they have shown that voluntary systems are costly and inadequate and that in all probability obligatory measures alone will bring such benefits within the power of low-paid workmen. But while we may try to be just to the companies, and may admit that they have responded to a universal demand of wage-earners, we have still to inquire whether the good has not been purchased at too great a price, and whether a more economical system is not possible. The premiums are relatively high and the benefits extremely low. The poorer wage-earners must content themselves with extremely small returns for their enormous sacrifices. Numerous workers in charitable societies complain that after the burial fees are paid there is nothing left for savings; that while thrift may be cultivated in one direction the benefits paid at death in a lump sum lead almost universally and inevitably to extravagant funerals and display, so that the insurance company, their agents, and the undertakers profit by

² J. F. Dryden, *A Quarter Century of Industrial Insurance in the United States*, p. 8.

the losses of those who can least afford such expenditures. President Hegemann has stated that in 86 per cent. of cases investigated the expenses of sickness and burial exceeded the benefits paid, and that the average sum paid on infantile policies in the year 1897 was only \$25.83.

A very material consideration in this connection is that while the burial-benefit companies absorb the greater part of the available resources for insurance purposes in families of small income, they by no means cover all the insurance needs of such families and, perhaps, not the most pressing. The attempt was made in the earlier history of these companies to provide sickness insurance, but the effort failed and had to be abandoned. President Dryden, in his account of this movement, says that a company which has its business scattered over a wide territory, and must act through salaried agents, cannot undertake sickness insurance, and that this form of insurance is possible only in brotherhoods or small groups where the members know each other and can detect and discipline malingerers.³ In the same way it can be shown that this form of organization cannot conduct accident insurance, without radical changes of method; and, indeed, it would be grossly unjust, as we have elsewhere shown, to lay this burden on the poorly paid employees. We must conclude, therefore, that these companies are restricted to a very limited field of industrial insurance, that they render a necessary service at enormous and burdensome cost, and that this cost is so heavy as to hinder both savings and insurance of a desirable kind.

A recent and valuable study of the operation of certain companies not named has been published in *Bulletin 67* of the Bureau of Labor, November, 1906, by Mr. S. E. Forman. In this intensive study of a particular city we see the working and effect of the system at large, although here some of the worst features appear in aggravated form. Washington, as the capital city, has few manufactures and relatively a large number of personal servants and persons employed in ministering to personal convenience of visitors and residents. The ratio of poorly paid negroes living on fluctuating income, with high rate of sickness

³ *Inception and Early Problems of Industrial Insurance*, pp. 16, 23.

and mortality, is very high, and their housing conditions are generally bad. Among these the industrial insurance companies which raise funds by levying assessments are popular. The assessment companies are not akin to the fraternal societies elsewhere discussed, but are companies for profit of the directors and stockholders. They are distinguished also from the industrial-insurance companies considered already in the fact that they carry on sickness and accident insurance with burial benefits added. They are not legally required to carry a reserve fund; they collect the premiums by the costly method of weekly visits, or sometimes by monthly visits; and the contract permits them to levy assessments to meet deficits, although in fact competition with other companies prevents them from exercising this right under ordinary circumstances; if the weekly premium is five cents then the yearly premium will be about \$2.60. The policy promises sickness, accident, and death benefits, although the forms of contracts are varied. Twelve of these companies, on December 31, 1903, had in force 28,921 policies of this type. Forman has shown that those insured in these companies must pay very dearly for their insurance—at least 75 per cent. more than those insured in the regular companies, and also more than those insured in the ordinary industrial insurance companies which offer accident and sickness benefits. If we compare the insured in the assessment companies with those insured in the regular companies we find that they must lose, that is in excessive premiums pay more. We may cite the conclusions:

The price of regular industrial insurance in all its forms has been seen to be very much higher than that of ordinary insurance. An analysis of the insurance business of the District of Columbia for 1903 furnishes some measure of the losses to the policy-holders resulting from the purchase of life insurance on the weekly payment or industrial plan when compared with the cost of ordinary insurance. The rate of premiums charged differs according to the form of the policy, but an examination of the several tables which have been given would seem to justify the statement that on the average the charge for regular industrial insurance is at least 75 per cent. higher than that for ordinary insurance. If the amounts collected for premiums from the regular industrial policy-holders (\$864,059.61) could have been paid in annual payments and could have purchased insurance at the rates charged by the ordinary companies, \$40,250,227 would have been secured by

the industrial policy-holders instead of \$23,000,130, the amount actually secured under the industrial plan. This represents an apparent loss in insurance protection to the industrial policy-holders of \$17,250,000, or, if it be measured in premium payments, an apparent loss of over \$370,000 upon premium payments of the year.

If now we turn to the combination schemes offered by the assessment companies we find that similar policies of ordinary companies furnish 300 per cent. more insurance for the same money. Placing the ascertained facts together for the poorest people of Washington, we may accept this estimate of loss:

Losses measured by amount of insurance carried—

a) Regular industrial insurance	\$17,250,000
b) Assessment industrial insurance	3,375,000

Total\$20,625,000

Or, if the losses be measured in premium payments made during the year in excess of what would have been required to purchase the same amount of insurance if the premiums could have been paid in yearly payments in ordinary companies, they may be expressed as follows:

Losses measured by excessive premiums—

a) Regular industrial insurance	\$370,000
b) Assessment industrial insurance	120,000

Total\$490,000

Of course the facts set forth above tell nothing about the reasonableness or unreasonableness of the cost of either ordinary insurance or of industrial insurance. They simply show what the cost of industrial insurance is and how much greater that cost is than the cost of ordinary insurance, and illustrate, as did the study of conditions of living among the poor, that the smaller the earning power of a wage-earner, the smaller also is the purchasing power of each of his dollars.

The facts already recited have long been familiar to students and to visitors among the poor of our cities, and many schemes for mitigating the evils have been debated, thus far without result. The older counsel was to encourage saving deposits and to assist the people to utilize very small savings for this end. But to this plan there are very grave objections, since it is an attempt to lay the burden of industrial risk altogether on the poor and compel them to carry the accident insurance burden which all admit should be borne by the business which causes the risk.

Furthermore the sum which can by any possibility be saved by unskilled workpeople is utterly inadequate at any time and especially during the first years of married life when the expense of rearing children increases and consumes all earnings.

The chief causes of the extravagant insurance premiums to the poor are: (a) the unfair part of the receipts from premiums and interest which is kept by the chief officers of the companies from the dividends of the insured; (b) the excessively high salaries of the officers of administration; (c) above all the fees to agents for soliciting insurance under the weekly collection plan. The first and second causes of waste may be to some extent reduced by the legislative and administrative action of the states, by publicity of accounts, and by inspections and rules of management. But not in any such direct way can political means reduce the third and most important cause of waste of the contributions of low-paid workingmen. If we are ever to place the business of industrial insurance on a fair and economic basis the agent must be dismissed; all other means of relief are relatively insignificant. Assuming that every director is honorable, that expenses of administration are reduced to a minimum, that the agents themselves are paid a mere pittance, yet the system itself must necessarily absorb a very great sum from the hard-won earnings of the working-people. This argument has been urged by the advocates of the savings-bank method of industrial insurance in Massachusetts. A society⁴ has been formed in Boston for the purpose of securing legislation permitting the savings banks to go into the life-insurance business; and the necessary law has been passed. Among the founders of this association are numbered men of education, philanthropy, and business standing; some of them would be glad to help introduce compulsory insurance in some form, but are discouraged from making efforts in that direction by the apathy of the public, the failure of the bill offered in 1904, and by the constitutional and economic obstacles which confront all such attempts in this country. Some of the savings banks have declared their readiness, in case they are empowered by law, to try the proposed experiment. Under the

⁴ The Savings Bank Insurance League.

plan proposed there would be no expense of solicitation by agents; the commodity would be offered, and then the banks would depend on the education of the people to induce them to take advantage of the opportunity of insuring themselves at bare cost. It is argued by the friends of this movement that the savings banks not only in Massachusetts but elsewhere have won the confidence of the country by their honest and careful management of the deposits, and in some instances the administrators, with the exception of a few salaried officers, perform their duties without charge and for the public good. Thus the savings banks, especially in Massachusetts, seem to be the most promising agencies for cheap insurance.

On the other hand the representatives and managers of the regular, orthodox life-insurance companies think they have discovered the Achilles-heel of this scheme. They assert that comparatively few persons, least of all the very poor who most need relief, can be induced to apply voluntarily for insurance without the persistent labor of agents. The employment and payment of agents is a necessary and legitimate expense, since without it working-people must go without the needed benefits. It is asserted by these advocates of present methods that the founders of the new association, however estimable and amiable, must lack knowledge of the business and the history of life insurance, that they are mere theorists and impractical. In support of this contention they cite the experience of the British companies who have tried a similar scheme, the old Equitable, the London Life, and the Metropolitan of London. Still more striking is the example of the industrial insurance societies whose purpose is to guarantee burial money for working-people. The British Post-office Department has offered small policies for forty years at low cost. These policies are written at local post-offices and the premiums may be paid in weekly instalments. At the end of the year 1904, after forty years' trial, the government insurance office had in force only 12,875 policies of this kind; while the Pearl Life Assurance Company of London, which began operations only a year earlier than the post-office, had in force 2,320,463 policies, and the Refuge Assurance Company of the

same age as the Pearl, had 2,628,650 industrial policies in force. The Prudential Assurance Company of London, only a little older than the post-office department of insurance, had in force at the end of the year 1904 between fifteen and sixteen million policies. During the year 1904 the post-office, with its 23,068 branch offices wrote only 517 new policies. The Prudential of London in the same year wrote 71,700 industrial policies. The conclusion of these experts and representatives of the insurance companies therefore virtually is that there is no relief for the working-people; the only outlook is that they must continue to bear this heavy burden.

Of course the philanthropists of Massachusetts may be able to set in motion educational agencies to reverse this condition and win customers to their savings-bank insurance companies. Already the powerful associated charities are considering methods of co-operation with the insurance associations; and with their fine organization of friendly visitors they might accomplish much; how much, only trial can reveal. But in any case these associations must still leave the great problems of accident and sickness insurance at one side; they cannot solve these problems, for only compulsory insurance can ever, at one stroke, make insurance even general.

II. CASUALTY INSURANCE COMPANIES

In the absence of social organization by the states, certain accident insurance companies have entered into competition with trade unions and mutual benefit societies to furnish the desired accident and sickness insurance for wage-earners. We have not yet at hand satisfactory statistics of the operations of these companies, and we are told by some of them that they dare not let rival companies even see their reports on account of the exigencies of competition. The reports which have been published do not always distinguish the economic classes of their clients, and so do not inform us what number of wage-earners are included. Skilled artisans and well-paid mechanics may be able to pay for a fair amount of accident and sickness insurance, but the rates are prohibitive for those on bare living-wages, and these are in

the great majority. Even when insurance is taken there is common and growing complaint that the contracts are narrow and narrowly interpreted in settlements. Thus it is claimed that many diseases are included which rarely occur and many omitted which are very common; so that in reality more is promised than is paid. It is asserted that there are so many technical clauses modifying the agreements that no man can know in advance what his claim actually is. But the need of insurance is so widely and keenly felt, and the misery of being without protection is so intolerable, that the business of these companies is growing and is already considerable. Not seldom the employers are disposed to assist the introduction of this form of insurance in their establishments, since they know its value to the men and realize that men who are insured are somewhat less inclined to sue for damages in case of injury if they have some benefits coming in during disability. The companies began with accident insurance, but the demand for sickness insurance led some companies to offer this and competition is driving other companies to follow their example.

The workmen's collective policy.—The essential feature of this plan is to include all the employees of a firm or corporation in a single contract which insures them against loss by reason of accident or accident and sickness. The employer pays a premium which is based on the number of employees, the hazard of the occupation, and the amount of wages. The insurance company agrees to pay indemnities according to a graduated scale. Then the employer makes a contract with his employees according to which he is authorized by them to retain a weekly sum from their wages to reimburse him for payment of premiums. Rarely, the employer pays a part or even all the premiums himself without taking anything from wages. The premium advanced is based provisionally on the estimated number of workmen and the amount of wages for the coming year; if at the end of the year it appears that the force has been increased a supplementary sum must be paid the company insuring; and if the payroll shows that the premium advanced was too large the insuring company returns the excess. The employer acts as trustee of the men and

is paid for his trouble usually 5 per cent. for cost of collecting premiums. If, as sometimes happens, the employer insures himself against damage suits, another 5 per cent. is deducted from the premium. Both forms of insurance may be covered in one policy. This form has suggested some of the features of the bill proposed by the Illinois Industrial Insurance Commission.

A few examples are given of various forms of insurance of large numbers of employees. The General Accident Insurance Company of Philadelphia deposits \$100,000 with the Pennsylvania Insurance Department to give a guarantee of all contracts. In its industrial department it writes policies for workingmen's indemnity, which it describes as a collective policy issued to the employer as trustee for his employees, furnishing health and accident insurance for monthly premiums, paying monthly benefits to employees for loss of time caused by accident, not to exceed fifty-two consecutive weeks, no matter when or how the accident happens, whether in factory, going to or from work, or on recreation. Substantial benefit is paid if the insured is killed by accident, or for the loss of one or more limbs or eyes. Sick benefits are paid for every disease to which flesh is heir, while the insured is confined to the house, after the policy has been in force thirty days for a limit of six months, with the exception of rheumatism, paralysis, tuberculosis, Bright's disease, for which full indemnity is paid for a limit of two months in any one year. In addition, full medical or surgical attention is given, whether disabled or not. Inducements are offered to the employers to encourage the introduction of their plan in shops and mills. The language of the advertisement is quoted:

This form of insurance is 50 per cent. cheaper than any other form of workmen's collective insurance that has ever been offered. We save from 25 to 50 per cent. on the cost of your employers' liability insurance by introducing this form of insurance in your plant.

In the policy occurs a clause which shows how cost of employers' liability is reduced:

The acceptance by an employee, or any other person who may be entitled thereto, of a benefit under this policy for injury or death of the employee, shall operate as a release of all claims for damages against the assured arising from such injury or death which could be made by or through the

employee, or any other person, and the person so accepting the benefit shall execute such further instruments as may be necessary formally to evidence such acquittance.

This form of policy is increasingly objectionable to workingmen, particularly where the employer contributes little or nothing to the premium, and it is becoming every day more unpopular. The workmen declare that it is unjust to ask them to make heavy sacrifices in loss of a portion of wages to build up a fund for insurance and then deprive them of enjoying it in case of injury unless they sign away their common-law rights to sue the employer for damages due to his negligence. This objection would lose its point if the employer contributed a sum substantially equal to that he must pay to protect himself from loss under the liability law.

The New Amsterdam Casualty Co. has had some experience with industrial insurance of the kind under consideration. The agreement with the insured is to indemnify against loss from bodily injuries sustained by an employee or employees of the insuring employer through external, violent, and accidental means, while actually engaged in the occupations and at the places mentioned in the schedule, and resulting from the operation of the trade or business described in the schedule. The president of this company says of this form of policy:

Workmen's collective insurance is wholesale accident insurance, the policy running to the employer, and the protection thereunder being for the workmen whether the employer be legally liable for the injuries or not. In some cases the employer assesses the premium back on the men by deducting all or part of it from the wages, a certain percentage being deducted on each pay day. The insurance company, however, assumes the full burden of reimbursing the men for injuries such as are covered by the policy.⁵

The net premiums of this company by years have been as follows:

Year	Premiums
1899	\$ 2,322.97
1900	13,618.10
1901	4,757.13
1902	4,355.18
1903	3,156.46
1904	2,381.75
1905	3,269.15
	<hr/> \$33,860.74

⁵ Letter of Mr. W. F. Moore, April 27, 1906.

Insurance of individual workmen.—Some of the casualty companies do not attempt to do business among working-men but confine themselves to selected risks with persons of larger income who pay yearly and thus receive the benefit of lower cost for administration and for being in a less hazardous class. Companies which insure working-men must, as a rule, collect the premiums monthly in small amounts. This increases cost of solicitation and collection which must be charged in the premiums. And since the policy must be renewed each year the cost of solicitation is still more increased. Under the plan of insuring individual workmen the company deals with the insured more or less directly, although arrangements are sometimes made with employers to collect the premiums, in which case the collective form is closely approached. Sickness insurance is usually connected with accident policies and cannot otherwise be obtained.

The Standard Life and Accident Insurance Company, of Detroit, Mich., may be used for illustration. (*Vide* Instructions of March, 1906.) This company employs agents to solicit business, and it has local agents in towns and cities, not for the purpose of calling upon the policy-holders but for furnishing convenient means of collecting premiums. A drug store is preferred for a local agency because it is open in the evening. A commission of 5 per cent. is allowed the collector for receipting and remitting the premiums of policy-holders. Women between the ages of eighteen and forty-five engaged in occupations from which they derive a regular income, and on which they depend for support, will be granted insurance in the sum of \$25 per month accident and illness indemnity with \$200 accidental death insurance for a premium of \$1 per month. Those desiring larger indemnities must be classified according to occupation and pay a premium 50 per cent. higher than that specified in the rate table. In no event will they be written for more than \$50 per month accident and \$40 per month illness benefit, nor to exceed three-fourths of their average income. Over-insurance is avoided in all cases. The indemnity should not exceed three-fourths of the average actual money value of the insured's time, or of the amount of his monthly salary or wages. The insurance is not

forfeited by change of occupation, but in the event of receiving an injury when engaged in a more hazardous occupation, the sum insured and the monthly indemnity will be for such amounts as the premium paid shall be sufficient to purchase at the rates fixed by the company tables for such increased hazard of occupation. Insurance is not written on any person who is under seventeen years or over sixty. Applicants between fifty and sixty pay 50 per cent. additional premium. There is no graduation of premiums between seventeen and fifty years. The beneficiary must have an insurable interest in the life of the insured, as wife, child, parent, or other heir-at-law, or must be a dependent relative, fiancée, or a charitable institution. In case of accidental injury to, or sickness of, any person insured in this company, for which a claim is likely to be made, immediate notice must be given. Payments of claims are made by check to the insured or agent after investigation and adjustment. Surgeons are appointed in localities where the business is large enough to warrant such an appointment, and their duty is to protect the interests of the company. Premiums are payable monthly in advance at the home or branch office. The detailed definition of accident indemnity is significant. Full accident indemnity is paid for accidental death, loss of one or more limbs, or both eyes, and for loss of time, resulting from bodily injuries caused solely by external, violent, and accidental means such as dislocation, fractures, broken bones, bruises, cuts, shot wounds, crushing or mangling, burns or scalds, bites of dogs and serpents, stroke of lightning, drowning, or injuries produced by falls, or any other purely accidental injury happening to the insured in any of the lawful vocations of life, whether such accident happen at home, or in the office, going to or from work, in the store, factory, shop, mill, yard, or on the street or farm, traveling on passenger trains, street cars, steamboats, walking, riding, driving, boating, etc., but will not be paid except at one-fifth the indemnity otherwise stated, in case of disappearance, or suicide, sane or insane; nor for any injury, fatal or non-fatal, resulting wholly or partly, directly or indirectly, from intoxication or the use of narcotics from, or while violating law, war risks, inhalation of gas, vapor, or

anaesthetic, voluntary over-exertion, wilful or gross negligence, unnecessary exposure to apparent danger, surgical operations not necessitated solely by injury and made within ninety days after the accident. Sick indemnity is paid for the time, after the first week, that the insured is necessarily confined to the house by reason of any disease or illness, except rheumatism, paralysis, lumbago or lame back, hernia, orchitis, sciatica, insanity, dementia, and venereal diseases, which would be covered by one-fifth the regular indemnity. Some risks are prohibited; the following will not be accepted for insurance on any terms: Persons who are blind, deaf, dumb, feeble-minded, cripples, intemperate, disreputable, or persons without visible means of support, those engaged in gambling, in handling highly inflammable or highly explosive material in factory or warehouse, aeronauting, driving, submarine working, rubber grinding or mixing; electricians handling live wires or working about machines where it is possible to receive a direct current of 500 volts, or an alternating current of 250 volts; professional baseball players, laborers or machinists employed in constructing tunnels or caissons; soldiers or sailors engaged in active warfare; blasters, insane persons, persons compelled to use a crutch, subject to fits or vertigo, who have suffered from paralysis, or are paralyzed, or have any deformity that will in any way hinder the regular duties of life; powder-makers, circus performers, fishermen on the sea, fireworks' employees and employers, cartridge makers, football players.

There are ten classes of risks; select, preferred, extra-preferred, ordinary, extra-ordinary, medium, extra-medium, hazardous, special hazardous, and there is a table of indemnity and cost for each class. Thus the table of indemnity and cost for the select class is:

	Monthly Accident Indemnity	Monthly Illness Indemnity	Accidental Death or Loss of Two Limbs or Both Eyes	Loss of One Limb	Cost per Month, Regu- lar Policy	Cost per Month, Special Policy
1.....	\$ 50	\$50	\$ 500	\$250	\$1.00	\$1.50
2.....	60	40	600	300	1.00	1.50
3.....	60	60	600	300	1.25	1.75
4.....	70	60	700	350	1.40	1.90
5.....	80	50	800	400	1.50	2.00
6.....	80	60	800	400	1.60	2.10
7.....	100	60	1000	500	1.75	2.25

Additional accidental death insurance will be written in this class at 25 cents per month for each \$500. Applicants over fifty years of age must pay 50 per cent. more.

The table of the special hazardous class is:

Monthly Accident Indemnity	Monthly Illness Indemnity	Accidental Death or Loss of Two Limbs or Both Eyes	Loss of One Limb	Cost per Month, Regular Policy	Cost per Month, Special Policy
\$15	\$15	\$100	\$50	\$1.00	\$1.25
20	20	100	50	1.40	1.65
25	25	100	50	1.75	2.00
30	30	100	50	2.25	2.50
35	35	100	50	2.60	3.10
40	40	100	50	3.00	3.50

Additional accidental death insurance will be written in this class at \$1.00 per month for each \$500, with a limit of \$1,000. Male applicants over fifty years of age must add 50 per cent. to the above premiums.

This company has a special arrangement for "railroad installment insurance." No person may be insured under the accident policy under eighteen or over sixty-five years of age, nor in the sickness policy over sixty years of age. The rates are the same for all ages. The rates for locomotive engineers are:

For \$1,000 death benefit and \$5 weekly indemnity, annual premium, \$18.00
 For \$1,000 death benefit and \$20 weekly indemnity, annual premium, \$50.40
 For \$2,000 death benefit and \$20 weekly indemnity, annual premium, \$36.00
 For \$2,000 death benefit and \$20 weekly indemnity, annual premium, \$57.60

The maximum limit for engineers is \$2,000 death benefit and \$20 weekly indemnity; for firemen, \$1,500 death benefit and \$15 weekly indemnity. The annual premium for weekly indemnity alone is \$10.80 for \$5 or \$43.20 for \$20 weekly indemnity. The insured gives an order on the paymaster of the railroad company, according to previous contract, and the premium is taken out of the monthly pay. The figures of business in the year 1905 were: accident premiums received, \$818,973, and losses paid, 384,733; health premiums, \$102,757, losses, \$40,971. The statement does not show how many were wage-earners.

The Continental Casualty Company of Chicago does a large business in accident insurance. In the year 1905 it collected from wage-earners in premiums \$1,675,000; of this sum about

\$500,000 was collected upon the industrial or "one-dollar-per-month plan." This company has already paid out to wage-earners for death benefits, sickness, and accident indemnities over \$5,615,000.

Experiments are tried with various forms of sickness insurance and provision for invalidism. In discussing the burial benefit companies ("industrial insurance") we have seen that after an effort to unite sickness insurance with their business they abandoned the attempt, although the assessment companies studied by Forman in Washington still offer sick benefits in some policies. The chief difficulty in the experience of the most important companies was that there was no check on malingering and the cost was too high. Their officers thought that only in moderately small groups of fraternal societies would sickness insurance be practicable. The Health Insurance Company of Philadelphia and several companies in Massachusetts attempted to furnish sickness insurance about 1847. The Philadelphia company started with a capital of \$100,000 in 1848, used the tables of the English Friendly Societies as a basis of calculation, and charged from \$5.25 to \$6.25 for a weekly indemnity to cover loss from any kind of disease. Although commissions of agents were then very much lower than they could be now all these experiments ended in failure. Similar experiments and attempts in various parts of the country came to the same inglorious end; but so great is the need of such insurance, so disastrous the effects of being without protection, it was inevitable that the experiment should be revived in some form. About 1896 some company introduced as a "rider" to an accident insurance policy an agreement, for a consideration, to pay indemnity in case of six zymotic diseases. This bait for accident insurance proved so attractive to customers that about 1899 several companies extended the list of diseases to ten or twelve, at a premium rate of \$2 for each \$5 of weekly indemnity, and under stress of competition among accident insurance companies the list was still further enlarged until about thirty or more were covered. Experience taught the companies, for a rather high tuition fee, that some of them had not charged enough for certain diseases to cover their risk

and that the attempt to distinguish the nature of the sickness added to the confusion and cost attending adjustment of claims. To meet this situation a so-called General Disability Policy was introduced.

There can be no doubt that a policy covering any sickness originating in an individual after the beginning of his policy will afford less cause for misunderstanding and disagreement between the company and its policy-holders, and that physicians will be less frequently called upon to stretch their consciences in diagnoses for the purpose of assisting their patients, than has been the case with the restricted sickness policy, and since many of the companies have taken up sickness insurance as an adjunct to accident insurance, merely as a means of holding their accident insurance against the aggressions of competing companies, any plan likely to secure this result with a minimum of friction and misunderstanding between the company and the assured would seem to commend itself to the underwriter if the cost does not prove to be too much of a tax upon the business which it is intended to protect.⁶

Another suggestion has been made to diminish the cost of sickness insurance by connecting it with other kinds of insurance. It is evident that if one fee for soliciting and adjusting claims could be made to cover all forms of insurance desired, the sum of cost would be reduced, especially if the fee for solicitation did not have to be paid over each year. At present the company retains the right to stop protection at the end of any year or to increase the rate with age until it becomes prohibitive. Furthermore the benefit is limited to a relatively brief period, usually twenty-six weeks, while the need is for indemnity as long as sickness lasts. Mr. Dawson recommends that sickness insurance be joined with life insurance, for thus

it is possible to furnish at a much lower cost, because of lower expense in the payment of commissions, indemnity for the whole course of the disability, renewable without increase of premiums and at the option of the insured. Abundant statistics upon which to base these rates are now obtainable.⁷

Information from the mining region of the western states is difficult to secure, and therefore the statement of the superintendent-

⁶ R. S. Keelor, M.D., *American Experience with Invalidity*, 1904.

⁷ *The Business of Life Insurance*, p. 244.

ent of social welfare of the Colorado Fuel and Iron Company, Pueblo, Colorado, is welcome.

This company provides medical attendance and hospital care for its employees and their families as long as they are sick, for which the men pay \$1 per month. Privileges of the hospital, however, are extended only to the employees and not to their families, but a special rate is given to members of employees' families. All medical attendance outside of the hospital, including medicines, is furnished both to the men and to their families. Some years ago this company attempted to insure its miners against accidents, but the plan was not successful and so the plan at present followed by this and all other mining corporations in Colorado is to permit the agents of reliable insurance companies to go into the mines and solicit, the company guaranteeing the agents the amount of premium which is then deducted from the men's payroll. The foreign miners also have a number of sick benefit societies, but they do not play a very prominent part in the matter of insurance, as they are usually small organizations.*

One point deserves special mention in connection with the assertion that compulsory insurance would be impossible unless all states introduced it at the same time, since the manufacturers of the state having compulsory insurance would have to carry heavier premiums than the managers in states which have not such laws. A part answer to this argument is found in the fact that already the cost of accidents must be borne in gifts, taxes for poor relief, and various schemes to which employers contribute for the relief of disabled men; and further, it may be claimed that insurance so greatly increases the contentment, steadiness, and efficiency of the insured workmen that premiums are largely returned in an equivalent of some kind. It may be added that if compulsory insurance were introduced in one state its advantages would soon be seen to be so great that public sentiment, reinforced by trade unions, would speedily make the law general in all industrial states. Still further it is precisely those states, as Massachusetts and New York, which lead in social legislation which retain the first rank as industrial states. To all this we may add certain facts furnished by casualty companies which tend to diminish the fears of timid capitalists that compulsory insurance would place them at a disadvantage as compared with the employers of other states; the fact being that

* Letter of Dr. R. W. Corwin.

already, in consequence of the differences of court interpretations and legislation, the cost of employers' protection varies greatly in different states, without any of the dreadful things happening which are feared. Thus if we take the cost of liability insurance for the whole country as one, on the average, the cost for several states would be relatively as follows:

The figures are stated on a basis of a loss cost of 1 for the United States as a whole. If then the relative loss cost of a state is given as 1.2, the meaning is that the loss cost in that state is twenty per cent. (20 per cent.) greater than for the United States as a whole. A relative loss of 2 designates a loss cost twice as great as that for the United States as a whole. A relative loss cost of .80 designates a loss cost eighty per cent. (80 per cent.) of that for the United States as a whole.

The loss cost of one state relatively to another may be ascertained by taking the ratio of their relative loss costs. Thus, the loss cost in Tennessee is four times as great as the loss cost in

TABLE OF RELATIVE LOSS COSTS TO EMPLOYERS IN THE SEVERAL STATES BY REASON OF THE LIABILITY IMPOSED BY LAW UPON THEM FOR DAMAGES ON ACCOUNT OF BODILY INJURIES OR DEATH ACCIDENTALLY SUFFERED BY THEIR EMPLOYEES¹

TABLE OF STATES LISTED ALPHABETICALLY

Alabama	1.20	Louisiana .....	.70	Ohio .....	.80
Arizona Territory...	2.00	Maine	1.00	Oklahoma Territory	2.00
Arkansas	1.33	Maryland .....	.70	Oregon .....	.80
California	1.00	Massachusetts	1.00	Pennsylvania	1.00
Colorado	2.00	Michigan .....	.60	Rhode Island	1.33
Connecticut .....	.60	Minnesota	1.33	South Carolina	1.20
Delaware	1.33	Mississippi .....	.80	South Dakota	2.00
District of Columbia.	.90	Missouri	1.33	Tennessee	2.00
Florida .....	.60	Montana	2.00	Texas	2.00
Georgia	1.20	Nebraska	1.33	Utah	2.00
Idaho	2.00	New Hampshire	1.00	Vermont	1.00
Illinois	1.33	New Jersey .....	.70	Virginia .....	.70
Indiana	1.20	New Mexico Ty. ...	2.00	Washington	2.00
Indian Territory ...	2.00	Nevada	2.00	West Virginia .....	.70
Iowa	1.33	New York	1.00	Wisconsin	1.33
Kansas	2.00	North Carolina	1.20	Wyoming	2.00
Kentucky	1.33	North Dakota	2.00		

¹ From the *Monthly Bulletin* of the Fidelity and Casualty Company.

Pennsylvania, the relative loss cost of Tennessee being 2, that of Pennsylvania being 0.50, and the ratio $2 \div 4 = 0.50$.

The differences between the states are due to differences in the law and in the judicial decisions interpreting the law.

The above table is founded in the main on combined experience of the companies composing the Liability Conference, an association of companies engaged in the business of liability insurance. Where changes in the law have occurred subsequent to the period embraced by the experience, comparative studies of the laws have been made and corrections made in the table accordingly. It is believed that the table represents accurately the relative costs today.

It is worth while to consider the probable part which the casualty companies will play in the immediate future in relation to the development of accident and sickness insurance, especially if permissive or compulsory laws should be passed in any of the states. This matter has already been seriously considered. It is well known that in England under the Compensation Act and recently in France under a compulsory-insurance law, the private accident companies have done a thriving business in assuming the legal obligations of the employers. In France the mutual insurance associations or syndicates, and even the government itself, through a central fund, are competitors of the private companies, and yet the latter hold their own and contribute very substantially to the promotion of the purposes of the law. Nor are we entirely without experience in the United States, for the workmen's collective policies contain suggestions of a method which may be greatly extended if legal pressure or even encouragement were to make it to the interest of large bodies of employers and wage-earners to unite in securing protection. Already under the collective policies the expenses of solicitation have been reduced to a minimum, since the entire body of employees is included at a stroke under a contract which also lowers the cost of payments of premiums by the simple process of deducting them from the wages. Uncertainty in regard to the indemnity would be reduced by legal definition of obligation and by simpler judicial organization for the adjustment of disputed claims. If

the employers could be released from liability under existing laws they could then have at their disposal a large fund which they are now compelled to expend on casualty companies and lawyers to protect themselves against suits for negligence; and the insurance companies would then become insurers of the working-men rather than their sworn antagonists.